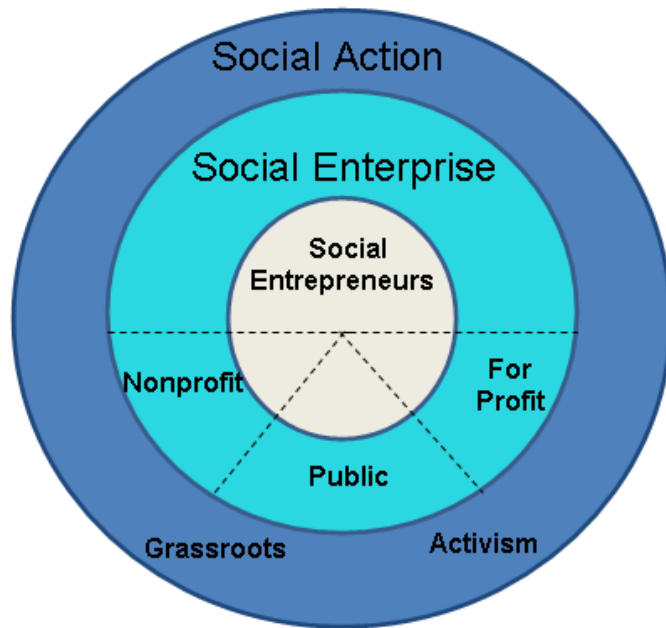


Harvard Social Change Framework



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- *HKS Social Enterprise in Action*

The *Unofficial* Student Guide to Social Entrepreneurship at Harvard and Beyond



Courses, Resources, Opportunities

2008–2009

WHY WE WROTE THIS

Welcome to *The Unofficial Student Guide to Social Entrepreneurship at Harvard and Beyond*.

Social Entrepreneurship is one of the most innovative and effective approaches to solving social problems in the 21st century. Social entrepreneurs work in every corner of the globe to create and implement solutions for what were once thought to be unsolvable social problems.

This guide was written by students, for students. It discusses what Social Entrepreneurship is, what Social Entrepreneurs do, and how you can get involved. And it comes complete with courses, resources (and, yes, sources).

There are varying viewpoints on what the phrases “social entrepreneurship,” “social entrepreneur,” and “social enterprise” mean. We cannot provide an exhaustive or definitive answer here. Instead, this guide offers a practical handbook for students looking to jump start a career in this exciting new field. Enjoy!

—*Adam Rein, HKS / MIT Sloan '10,*
cochair HKS Social Enterprise in Action (SEIA)

—*Leonardo Radomile, HDS '07, HKS '08*

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WHAT IS SOCIAL ENTERPRISE?

Now that you have a feel for social entrepreneurship, it is time for your first test. Which of the following definitions is used to describe social enterprise?

- a) *The application of management skills within the nonprofit, for-profit, and public sectors to the creation of social value.*
- b) *An organization dedicated to social impact.*
- c) *An organization or venture that advances its social mission through entrepreneurial earned income strategies.*
- d) *A business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximize profit for shareholders and owners.*
- e) *All of the above.*

If you guessed *all of the above*, then you are correct! All of these definitions are commonly used in the field: a) and b) come from the HBS Social Enterprise Initiative, c) from the US Social Enterprise Alliance, and d) from the UK Social Enterprise Coalition.

Unlike the concept of social entrepreneurship, for which there is more agreement, there continues to be healthy debate regarding the definition of social enterprise. Although it can be confusing, there are some common threads that help define the social enterprise sector:

The broadest definition comes from HBS: focusing on the application of management skills in order to create social value and encompassing these activities regardless of whether they occur in the business, nonprofit, or government sectors. **This definition differs from others by defining social enterprise as a process, not as a type of organization.**

The Social Enterprise Alliance emphasizes one aspect common to many—but not all—social enterprises: the sale of a product or service that creates a sustainable revenue stream to fund the social mission.

The UK Social Enterprise Coalition definition is also slightly different, focusing on employee-owned businesses, cooperatives, and community development organizations, which are businesses that reinvest profits back into the community for a social purpose.

We think of these definitions as a starting point for discussion. We will now provide you with commonly used frameworks to help understand social entrepreneurship and social enterprise at a deeper level.

SOCIAL ENTERPRISE FRAMEWORKS

Definitions of social entrepreneurship often focus on either the traits of the social entrepreneur (the person) or the social enterprise (the organization).

The traits of a social entrepreneur are more easily defined and familiar because they closely align with those of a business entrepreneur. The term entrepreneur dates back to the 1700s, meaning one who “shifts economic resources out of an area of lower production into an area of higher yield and production.”¹ Entrepreneurial ventures create value by disrupting existing systems to create entirely new ways of doing things. Whether it’s by creating the laptop to replace the mainframe or the Internet to transform how we deal with information, entrepreneurs innovate in groundbreaking ways.

The terms social entrepreneur and social entrepreneurship were first used to describe similar transformations in the social sector in academic literature of the 1960s and 1970s. The phrase became popularized in the 1980s and 1990s by figures such as Rosabeth Moss Kanter, a professor at HBS, and Bill Drayton, founder of Ashoka—the first major organization to recognize and support social entrepreneurs.

We will now present you with three popular frameworks commonly used to define social entrepreneurship:

¹ Jean-Baptiste Say, *A Treatise on Political Economy* (1803).

I) Dees—the Role of a Social Entrepreneur

Perhaps the most-referenced definition of social entrepreneurship comes from a 1998 article by Greg Dees, currently a professor at Duke’s Fuqua School of Business, who taught the first class on social entrepreneurship at Harvard Business School in the 1990s.²

In the Dees framework, “Social entrepreneurs play the role of change agents in the social sector, by:

- *Adopting a mission to create and sustain social value (not just private value),*
- *Recognizing and relentlessly pursuing new opportunities to serve that mission,*
- *Engaging in a process of continuous innovation, adaptation, and learning,*
- *Acting boldly without being limited by resources currently in hand, and*
- *Exhibiting heightened accountability to the constituencies served and for the outcomes created.”*

The Dees definition mixes personal qualities, such as relentlessness and boldness, with organizational qualities, such as a social mission and accountability. We find this definition helpful for the way it captures the juxtaposition of passion and metrics, vision and accountability, and bold resolve and practicality that defines social entrepreneurship.

² J. Gregory Dees, *The Meaning of ‘Social Entrepreneurship.’* October 31, 1998.

II. Hartigan and Elkington—Organizational Models of Social Entrepreneurship

Another helpful vantage point is provided by the recent book *The Power of Unreasonable People: How Social Entrepreneurs Create Markets That Change the World* by Pamela Hartigan and John Elkington, which identifies three organizational models through which social entrepreneurs operate:

A) Leveraged nonprofits—nonprofits that rapidly scale and impact the public good as a change catalyst beyond the limits of their resources (e.g., Room to Read).

B) Hybrid nonprofits—nonprofits that have significant revenue-generating activities used to support social outcomes, often empowering the community by introducing low-cost products and services that pull traditional providers into a market (e.g., Aravind Eye Hospital).

C) Social businesses—nonprofit or for-profit organizations that focus on both social and financial returns, often using a double or triple bottom line to measure success that combines financial profit with social and/or environmental impact (e.g., Whole Foods). Social businesses often scale more easily due to easier access to capital, such as social venture or community development funds. One network of social businesses is the “B Corporation.”³

³ www.bcorporation.net.

III. Martin and Osberg—Traits of a Social Entrepreneur

Roger Martin and Sally Osberg recently defined a social entrepreneur as one who identifies a “social value proposition” that challenges an unjust equilibrium and forges a “new, stable equilibrium” that brings a better future for marginalized individuals and communities.

They highlight five main character traits that distinguish entrepreneurial leaders:⁴

- Inspiration and Passion: Entrepreneurs are agents of change who create innovative solutions to problems. They have a keen, almost uncanny insight into their chosen field and are driven by a love of what they do.
- Creativity: Entrepreneurs are not interested in doing what is already being done in a better way; they want to do it very differently, and in a way that provides solutions that make predecessor methods obsolete.
- Direct Action: Entrepreneurs do not spend all their time waiting, discussing, or convincing others. They act. They create a product or service that directly meets a need and bring it to market.
- Courage: Entrepreneurs face risks and failure on a repeated basis in pursuit of their objectives. They will not be told that something cannot be done.
- Fortitude: Entrepreneurs do not tire of working through obstacles. They are relentless, focusing on

⁴ Adapted from Roger Martin and Sally Osberg “Social Entrepreneurship: The Case for Definition,” *Stanford Social Innovation Review* (Spring 2007).

- Sandy Hessler, Harvard Kennedy School Office of Career Advancement
- Student leaders Jesse Torrence, Diana Zhang, and Catherine Wise
- and our mothers.

Please e-mail comments for improving future editions of *The Unofficial Student Guide to SE at Harvard and Beyond* to:
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